

General Fund Augmentation/Reduction Summary

Annual Report 2006-2007

<u>Action</u>	<u>Department</u>	<u>Positions</u>	<u>Expenditure Change</u>	<u>Revenue Change</u>
REQUIRED ADJUSTMENTS				
<i>Accelerated City-Wide Recruitments</i>	HUMAN RESOURCES		\$50,000	
Provides one-time funding of \$50,000 to conduct employment testing and establish candidate pools for key city-wide job classifications.				
<i>City Auditor Payout</i>	CITY AUDITOR		\$109,700	
This action provides funding for the City Auditor's severance and vacation payouts as directed by the City Council.				
<i>City Hall Network Operations Center Improvements</i>	CAPITAL CONTRIBUTIONS		\$400,000	
This action augments the existing funding for the City Hall Network Operations Center (NOC) Secondary Cooling System project. This project will provide emergency cooling of the NOC and electrical upgrades to maintain network operations and protect all server and telephone equipment. This action recommends the allocation of an additional \$400,000 based upon a preliminary estimate of potential additional costs resulting from a more detailed engineering analysis of the structural and capacity requirements of the upgraded system. Once the actual costs are determined, the portion of this funding not utilized will be returned to the General Fund Fund Balance.				
<i>Election Costs</i>	CITY CLERK		\$760,000	
Provides additional funding for the June 2008 election. The City recently received a revised fees and charges schedule from the County Registrar of Voters for the 2008 election.				
<i>Elimination of 2008 San José Grand Prix</i>	CITY-WIDE EXPENSES		(\$373,600)	
Eliminates the amount included in the 2007-2008 Adopted General Fund Budget for the ongoing support of the 2008 San José Grand Prix as the race will no longer take place.				
<i>Enhanced Parks Maintenance Reserve</i>	EARMARKED RESERVES		\$1,496,180	
In accordance with City Council policy, reserves additional funding received in the form of a transfer from Construction and Conveyance (C&C) Tax Funds - Parks due to higher than anticipated collections in 2006-2007. Per Council policy, 15% of Parks C&C collections are transferred annually to the General Fund for parks maintenance. With this action, this reserve will now total \$6,185,019.				

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Annual Report 2006-2007

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REQUIRED ADJUSTMENTS				
<i>Martin Park Landfill</i>	CAPITAL CONTRIBUTIONS		\$1,500,000	
Establishes a Martin Park Landfill appropriation to the Public Works Department to fund the construction of a passive interceptor trench and vapor barrier around the perimeter of the Martin Park Landfill to mitigate for elevated levels of landfill methane gas recently detected at the park. The Environmental Services Department will apply for a matching grant (\$750,000) with the California Integrated Waste Management Board to potentially offset a portion of these costs. The City has been coordinating this landfill remediation effort and/or weekly monitoring activity with the Local Enforcement Agency California Integrated Waste Management Board for review and approval.				
<i>Mexican Heritage Plaza</i>	CITY-WIDE EXPENSES		\$34,738	
Provides additional funding for the Mexican Heritage Corporation (MHC) Plaza subsidy and for consultant studies currently in process. For 2007-2008, sufficient funding was not provided for the MHC subsidy. In addition, one-time funding was provided in 2007-2008 to conduct an analysis of Plaza uses and to evaluate MHC's business plan. These costs are greater than previously identified. As the studies are being funded jointly by the Redevelopment Agency and the City, the City's increased share is \$16,500.				
<i>Northside Community Center Senior Nutrition Program</i>	PARKS, REC AND NEIGH SVCS	.50	\$7,536	
Provides funding to increase the service levels of the Senior Nutrition Program. This increase provides for additional staff hours and for the creation of a 0.50 Food Service Coordinator to support the Cook-on-Site Program. These costs will be jointly funded by the General Fund and Santa Clara County. This action is necessary to provide the City's contribution for the nutrition site. Santa Clara County's funding is recommended for addition elsewhere in this document.				
<i>Public Library Fund Revenue Adjustment</i>	REVENUE ADJUSTMENTS			(\$179,000)
This action makes a downward adjustment to the Revenue from the State estimate to reflect lower anticipated Public Library Fund (PLF) revenue based on the adopted State budget. PLF funds are appropriated annually in the State budget to provide direct aid to public libraries.				
<i>Relocation of Stockton Warehouse Artifacts</i>	CITY-WIDE EXPENSES		\$200,000	
Provides one-time funding for the relocation and cleaning of more than 1,000 artifacts for History San José. The artifacts, currently stored at the Stockton Street Warehouse which is scheduled to be demolished, will be moved to the Central Service Yard where they will be housed in a clean, environmentally controlled environment. The funding recommended in this action will cover costs to add additional shelving to store the collections. A portion of these costs is recommended to be offset by a reduction to the Unanticipated/Emergency Maintenance appropriation (\$75,000).				

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Annual Report 2006-2007

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REQUIRED ADJUSTMENTS				
<i>Reserve for Airport Police Services</i>	EARMARKED RESERVES		\$1,000,000	
Establishes a reserve in the General Fund to account for potential funds due back to the Airport for the overpayment of Police services over the last several years. The Airport and Police Departments, with the assistance of the Budget Office, are currently working to ascertain the actual amount of Police staff time worked against the amount of funding transferred to the General Fund from the Airport Maintenance and Operation Fund during the period 2003-2004 through 2006-2007.				
<i>Storm Fees</i>	CITY-WIDE EXPENSES		\$30,000	
Provides additional funding for the City's assessment of Storm Sewer fees for its properties. The Council approved Storm Sewer rate increase of 9% was not anticipated in the development of the 2007-2008 Operating Budget.				
<i>Technical Adjust: Unanticipated/Emergency Maintenance</i>	CAPITAL CONTRIBUTIONS		(\$75,000)	
Reduces the Unanticipated/Emergency Maintenance appropriation to offset a portion of the costs for the relocation of History San José artifacts from the Stockton Street Warehouse.				
<i>Technical Adjust: City Hall Network Operations Center Secondary Cooling System</i>	CAPITAL CONTRIBUTIONS		(\$1,304,000)	
The following three actions 1) increase the Watson Park Site Clean-up appropriation in the General Fund by \$3,304,000 2) decrease the City Hall Operations Center Secondary Cooling System appropriation in the General Fund by \$1,304,000 and 3) decrease the Police Administration Voice and Data Network Enhancement Project appropriation in the General Fund by \$2,000,000. This adjustment allows for tax-exempt bond proceeds in the Civic Center Construction Fund to be spent consistent with IRS regulations that require that the funds be expended or appropriated toward eligible expenditures in a timely manner.				
<i>Technical Adjust: Police Administration Voice & Data Network Enhncmt Project</i>	CITY-WIDE EXPENSES		(\$2,000,000)	
As described above, this action 1) increases the Watson Park Site Clean-up appropriation in the General Fund by \$3,304,000 2) decreases the City Hall Operations Center Secondary Cooling System appropriation in the General Fund by \$1,304,000 and 3) decreases the Police Administration Voice and Data Network Enhancement Project appropriation in the General Fund by \$2,000,000. This adjustment allows for tax-exempt bond proceeds in the Civic Center Construction Fund to be spent consistent with IRS regulations that require that the funds be expended or appropriated toward eligible expenditures in a timely manner.				

General Fund Augmentation/Reduction Summary

Annual Report 2006-2007

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REQUIRED ADJUSTMENTS

Technical Adjust: Watson Park Site Clean-up and Restoration

CAPITAL CONTRIBUTIONS	\$3,304,000
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As described above, this action 1) increases the Watson Park Site Clean-up appropriation in the General Fund by \$3,304,000 2) decreases the City Hall Operations Center Secondary Cooling System appropriation in the General Fund by \$1,304,000 and 3) decreases the Police Administration Voice and Data Network Enhancement Project appropriation in the General Fund by \$2,000,000. This adjustment allows for tax-exempt bond proceeds in the Civic Center Construction Fund to be spent consistent with IRS regulations that require that the funds be expended or appropriated toward eligible expenditures in a timely manner.

Transfer to the Sewage Treatment Plant Conn Fee Fund

TRANSFERS	\$65,000
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This action establishes a transfer to the Sewage Treatment Plant Connection Fee Fund to account for unpaid interest on a previous loan. It was recently ascertained that in May 2003, a short-term loan of \$2.4 million was approved from this Fund to the City Hall Renovation Construction Fund and the loan was repaid in March 2004 without interest. This action transfers the interest which should have been included as part of this loan.

Watson Park

CAPITAL CONTRIBUTIONS	\$200,000
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Establishes an appropriation for costs related to the Watson Park project; particularly this appropriation closes out a project on Terrace Drive involving residents impacted by the 2006 Terrace Drive soil removal project. This effort is being completed in conjunction with the Department of Toxic Substances Control.

TOTAL REQUIRED ADJUSTMENTS

.50	\$5,404,554	(\$179,000)
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GRANTS/REIMBURSEMENTS

2006 Bureau of Justice Grant

CITY-WIDE EXPENSES	\$394,890	\$394,890
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Subsequent to approval of the 2007-2008 budget, the Mayor's Gang Prevention Task Force received a grant to offer services that include a mobile street unit that provides mediation and intervention services. In addition, funding is provided for collaboration with other Bringing Everyone's Strengths Together (BEST) service providers, employment training and substance abuse treatment.

General Fund Augmentation/Reduction Summary

Annual Report 2006-2007

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GRANTS/REIMBURSEMENTS				
<i>Addressing the Gaps in Aging Services Program</i>	PARKS, REC AND NEIGH SVCS		\$11,734	\$11,734
Adds two 0.50 part-time Cook positions for the Addressing the Gaps in Aging Services Program. These limit-dated positions will support the Cook-on-Site Programs at the Almaden and Gardner Community Centers and will be funded by the existing allocation in the Healthy Neighborhoods Venture Fund (HNVF) and by a grant from the Council on Aging of Silicon Valley. The positions will be added in HNVF and are described elsewhere in this document. This funding represents the grant from the Council on Aging Silicon Valley.				
<i>Fire Apparatus Replacement</i>	CAPITAL CONTRIBUTIONS		\$150,000	\$150,000
Recognizes and appropriates funds from the Federal Reality Investment Trust's Application for Alternative Material and Methods of Construction to the Fire Department for the purchase of fire apparatus.				
<i>Kaiser Foundation Grant</i>	CITY-WIDE EXPENSES		\$9,660	\$9,660
This grant funding is to be utilized to support a healthy family program. Parks, Recreation and Neighborhood Services program staff will provide community outreach activities to promote a healthy lifestyle for families of persons with physical disabilities.				
<i>Northside Community Center Senior Nutrition Program</i>	PARKS, REC AND NEIGH SVCS		\$16,464	\$16,464
Provides funding to increase the service levels of the Senior Nutrition Program. This increase provides for additional staff hours and for the creation of a 0.50 Food Service Coordinator to support the Cook-on-Site Program. These costs will be jointly funded by the General Fund and Santa Clara County. This action provides for recognition of the County's contribution for the nutrition site. The General Fund matching funding request is described elsewhere in this document.				
<i>Redevelopment Agency Audit Services</i>	CITY AUDITOR		(\$75,000)	(\$75,000)
This action reduces the \$200,000 reimbursement agreement for audit services performed by the Auditor's Office for the Redevelopment Agency included in the City's Adopted Budget to the level provided in the Redevelopment Agency's 2007-2008 Proposed Budget. The original agreement was approved in the 2007-2008 Adopted Budget.				
<i>San José After School - Year 1 District Contracts</i>	CITY-WIDE EXPENSES		\$63,745	\$63,745
Provides funding to the Parks, Recreation and Neighborhood Services Department from the San José Unified School District to provide temporary staffing and non-personal/equipment funding for after school programs at three schools (Ann Darling, Empire Gardens, and Olinder). The contract was amended to provide the additional services.				

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Annual Report 2006-2007

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GRANTS/REIMBURSEMENTS				
<i>Senior Staff Home Loan Assistance Program</i>	CITY-WIDE EXPENSES		\$250,000	
Increases the allocation for the Senior Staff Home Loan Assistance Program to provide for loans likely to be necessary later this year. The funding is recommended to be increased using the proceeds of one senior staff loan which was repaid during 2006-2007.				
<i>South Bay Metro Task Force Overtime</i>	POLICE		\$85,799	\$85,799
This action recognizes one-time funding from the State Bureau of Narcotics Enforcement for overtime related to two officers assigned to the South Bay Metro Task Force (\$35,799) as well as additional overtime (\$50,000) for Narcotics Covert Investigations officers participating in the Task Force.				
<i>South Bay Metro Task Force Vehicles</i>	POLICE		\$18,000	\$18,000
This action recognizes one-time funding from the State Bureau of Narcotics Enforcement to lease two vehicles to support the South Bay Metro Task Force.				
<i>Therapeutic Services, San Andreas Regional Center Grant</i>	CITY-WIDE EXPENSES		\$17,000	\$17,000
San Andreas Regional Center has agreed to fund an "Inclusion Services Delivery Model" program that will establish a protocol and program for staff recruitment and training, and development of materials. In addition, funding will be utilized to secure necessary transportation to implement after school drop-in services for youth with developmental disabilities at one of the youth and teen centers in San José.				
TOTAL GRANTS/REIMBURSEMENTS			\$942,292	\$692,292

DEVELOPMENT FEE PROGRAMS

<i>Building Fee Program Reserve</i>	EARMARKED RESERVES		(\$233,074)	(\$233,074)
Decreases the Building Fee Program Reserve to offset a shortfall in Building Fee Program revenues in 2006-2007 due to poor performance in Building Fee Program revenues.				
<i>Building Fee Program Reserve Reconciliation</i>	EARMARKED RESERVES		\$233,074	
Increases the Building Fee Program Reserve to reflect the policy of preserving all expenditure savings and/or revenue excess/shortfall and related interest earnings in the Building Fee Program.				

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Annual Report 2006-2007

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DEVELOPMENT FEE PROGRAMS				
<i>Comprehensive General Plan Fee Program Reconciliation</i>	CITY-WIDE EXPENSES		\$91,160	
Increases the Comprehensive General Plan Update appropriation to reflect the policy of preserving all revenue excess and related interest earnings in the General Plan Update fee.				
<i>Fire Development Services Green Vehicles</i>	FIRE		\$22,500	
This action provides one-time funding to upgrade three Fire Development Services vehicle purchases scheduled for 2007-2008 to "Green" vehicles at a cost of \$7,500 each. This action is consistent with the City's commitment to purchase Green vehicles for the fleet. This increase is recommended to be entirely offset by a reduction to the Fire Fee Program Earmarked Reserve.				
<i>Fire Fee Program Earmarked Reserve</i>	EARMARKED RESERVES		(\$22,500)	
This action decreases the Fire Fee Program Earmarked Reserve to fund the upgrade of three vehicle purchases scheduled for 2007-2008 to green vehicles. A corresponding increase to the Fire Department non-personal appropriation is also recommended.				
<i>Fire Fee Program Reserve Reconciliation</i>	EARMARKED RESERVES		\$1,128,484	
Increases the Fire Fee Program Reserve by \$1,217,484 to reflect the policy of preserving all expenditure savings and/or revenue excess/shortfall and related interest earnings in the Fire Fee Program. The Reserve is then reduced by \$89,000 to reflect a rebudget of funding for third party plan checks (\$30,000), a vehicle purchase (\$19,000), and a risk based inspection study (\$40,000).				
<i>Planning Fee Program Reconciliation</i>	EARMARKED RESERVES		(\$603,038)	
Decreases the Planning Fee Program Reserve to reflect the policy of preserving all expenditure savings and/or revenue excess/shortfall and related interest earnings in the Planning Fee Program.				
<i>Public Works Development Fee Program Earmarked Reserve</i>	EARMARKED RESERVES		(\$50,000)	
Decreases the Public Works Development Fee Program Earmarked Reserve to fund a transfer to the Public Works Development Fee Program personal services allocation.				
<i>Public Works Fee Program</i>	PUBLIC WORKS		\$50,000	
Increases the Public Works Fee Program Personal Services appropriation in order for the Department to complete a restructuring of its development related fees. A corresponding reduction to the Public Works Fee Program Earmarked Reserve is also recommended to offset the cost of this action.				

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Annual Report 2006-2007

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DEVELOPMENT FEE PROGRAMS				
<i>Public Works Fee Program Reserve Reconciliation</i>	EARMARKED RESERVES		\$218,589	
Increases the Public Works Fee Program Reserve to reflect the policy of preserving all expenditure savings and/or revenue excess/shortfall and related interest earnings in the Public Works Fee Program.				
TOTAL DEVELOPMENT FEE PROGRAMS			\$835,195	(\$233,074)
CITY MANAGER INITIATIVES				
<i>Reserve for City Hall Build-Out</i>	EARMARKED RESERVES		\$1,045,000	
Establishes a reserve to be used for potential build-out costs of City Hall and the Employee Parking Garage. Included on this same City Council agenda is a recommendation for the potential build-out of City Hall and the Employee Parking Garage. These funds are necessary to complete the requested actions.				
TOTAL CITY MANAGER INITIATIVES			\$1,045,000	\$0
PREVIOUS COUNCIL DIRECTION				
<i>2008-2009 Future Deficit Reserve</i>	EARMARKED RESERVES		\$6,835,696	
Per Council policy, this action allocates one-half of the net available ending fund balance funds from 2006-2007 to establish a reserve to help address the 2008-2009 deficit estimated in the 2008-2012 Five-Year Forecast that was released in February 2007.				
<i>City Auditor Recruitment</i>	CITY-WIDE EXPENSES		\$50,000	
Provides funding to the Human Resources Department for contractual costs associated with the recruitment of a new City Auditor as previously directed by Council.				
<i>City Manager Operational Improvements</i>	CITY MANAGER		\$300,000	
Establishes an allocation of funds for the new City Manager to utilize for Office improvements and efficiency efforts. A new City Manager began work in July. As recommended in the Mayor's June Budget Message, the new City Manager was given authority to evaluate resources in the City Manager's Office and the flexibility to propose changes. This action provides seed funding for that evaluation which is in process.				

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Annual Report 2006-2007

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PREVIOUS COUNCIL DIRECTION				
<i>Economic Uncertainty Reserve</i>	EARMARKED RESERVES		\$6,041,585	
A proposed increase to the Economic Uncertainty Reserve by utilizing available ending fund balance funds from 2006-2007. These funds will assist with maintaining the City's financial stability and to better prepare for any unforeseen economic circumstances. With this proposed action, this reserve would total \$10.0 million.				
<i>Evergreen-East Hills Development Policy</i>	CONTINGENCY RESERVE		\$150,000	
Restores funding to the Contingency Reserve for completion of the Evergreen-East Hills Development Policy Update. Included on this same City Council agenda (October 16, 2007) is a recommendation to provide resources for the completion of the Evergreen-East Hills Development Policy Update as directed by City Council at its June 26, 2007 City Council meeting. This project required funds from the Contingency Reserve for this activity.				
<i>Our City Forest Maintenance Costs</i>	GENERAL SERVICES		\$55,080	
Provides funding for maintenance costs for the lease agreement with Our City Forest approved by City Council on September 25, 2007. As part of a Council action on September 25, 2007, the City agreed to allow Our City Forest to use office space in the City-owned 151 W. Mission Street.				
<i>Retiree Healthcare (GASB) Team</i>	CITY MANAGER		\$200,000	
This action provides funding for actuary and consultant support for the Retiree Healthcare (GASB) Team to seek stakeholder input on the City's liability under GASB 43/45 and develop options to address this liability.				
<i>Soccer Stadium Process Costs</i>	CITY-WIDE EXPENSES		\$100,000	
As directed by the City Council, this action establishes funding to the Office of Economic Development for the predevelopment activities for the iStar/FMC properties related to the return of Major League Soccer to San José.				
<i>Street Maintenance and Repair</i>	CAPITAL CONTRIBUTIONS		\$6,835,696	
Per Council policy, this action allocates one-half of the net available ending fund balance funds from 2006-2007 for street maintenance and repair activities.				
<i>Theater Management Realignment Consultant Services</i>	CITY-WIDE EXPENSES		\$50,000	
Establishes an allocation of funds for engaging consultant services to determine the feasibility of separating the responsibility of managing some or all of the theaters from that of managing the Convention Facilities in preparation for a December 17, 2007 City Council Study Session.				

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Annual Report 2006-2007

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PREVIOUS COUNCIL DIRECTION

TOTAL PREVIOUS COUNCIL DIRECTION

\$20,618,057

\$0

**GENERAL FUND AUGMENTATION /
REDUCTION TOTALS**

<u>Positions</u>	<u>Expenditure Change</u>	<u>Revenue Change</u>
.50	\$28,845,098	\$280,218